

Commonwealth of Massachusetts  
Department of Telecommunications and Energy  
Fitchburg Gas and Electric Light Company  
Docket No. D.T.E. 02-24/25  
Record Request Response

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**Record Request No.: DOER-RR-1**

Provide a list of the costs that were disallowed in DTE 99-110, including amounts.

**Response:**

Attachment DOER-RR-1 (pages 1-6) includes selected pages from Mr. Collin's pre-filed testimony in DTE 01-103, FG&E's electric reconciliation compliance filing for DTE 99-110. These pages summarize the various directives established by the Department in DTE 99-110, and identify FG&E's compliance with each of the directives. In addition, Schedule MHC-8, Schedule MHC-10 and Schedule MHC-12 from Mr. Collin's pre-filed testimony in DTE 99-110 are attached hereto (pages 7-21). These schedules detail the amounts disallowed in DTE 99-110 by year and cost category along with the adjustments made in accordance with the Department's directive in 99-110.

**Person Responsible:** Mark H. Collin

- 1 Q. Please identify the various directives established by D.T.E. 99-110, and state  
 2 whether or not FG&E has complied with each in this filing.
- 3 A. The easiest manner in which to identify the directives and whether FG&E has  
 4 complied with them is to reference directly the directives from D.T.E. 99-110. I  
 5 have done so in Table MHC-1, along with summary of the actions FG&E has  
 6 undertaken to comply with the Department's directives.

7

TABLE MHC-1

PAGE REF.	ISSUE	DIRECTIVE FROM D.T.E. 99-110	COMPLIANCE ACTION
9	Reconciliation Period	Directs FG&E to provide annual filings that reconcile expenses and revenues on a calendar year basis and adjust reconciled rates effective January 1 <sup>st</sup>	All cost and revenues are reconciled on a calendar year basis for effect January 1, 2002.
9	Reconciliation Period	Directs FG&E to use actual expenses and revenues through September 30 and estimated expenses for Oct. 1 through Dec. 31	Actual costs and revenues are used through September 30, 2001 and estimates for October 1, 2001 through December 31, 2002.
12	Post 1995 Capital Additions	Disallows a return on post-1995 capital additions in Fixed Component of Transition Charge	Fixed Component of Transition costs have been recast to exclude post 1995 capital additions.
15	Return on Fixed Component (10 month)	Allows carrying costs from March 1, 1998 through Dec. 31, 1998 in Fixed Component, only	Fixed Component of Transition costs have been recast to reflect only a 10-month return on Fixed Component of Transition Charge in 1998.
20	Calculation of Residual Value Credit - Cost of SOS actual O&M and A&G Costs	Directs FG&E to include, as an offset to the RVC, only those owned generating facilities' A&G and O&M costs related to owned generation that were allowed in the rates approved by the Department in	The Residual Value Credit calculation has been recast to include Lost Revenues for owned generation facilities and to cap A&G and O&M cost recovery related to owned

		D.P.U.84-145-A for the period March 1998 through divestiture.	generation at the level in rates approved in the Company's last base rate proceeding.  Transition costs have been recast to exclude all owned generation A&G and O&M as well as all other power supply portfolio costs other than the Above Market Cost of Long Term Purchase Power.
24	Calculation of Residual Value Credit - LERS/LOGICA	Disallows recovery of LERS/LOGICA costs as part of reconciliation mechanism, and rather finds that FG&E may seek recovery of these costs as part of distribution expense in a subsequent electric division rate proceeding.	Standard Offer Service costs and Default Service costs have been recast to exclude recovery of LERS/LOGICA.
26	Calculation of RVC - Generation Portfolio Mgmt Costs	Directs FG&E to include only those generation portfolio management costs allowed in rates approved by the Department in D.P.U. 84-145-A for the period March 1998 through divestiture.	The Residual Value Credit calculation has been recast to include Lost Revenues for owned generation facilities and to cap A&G and O&M cost recovery related to owned generation at the level in rates approved in the Company's last base rate proceeding.  Standard Offer Service costs and Default Service costs have been recast to exclude portfolio management costs.
30	Calculation of RVC - Transaction Costs	Disallows recovery of \$1,489,334 as an offset to the RVC for allocated expenses related to divestiture. Nor may FG&E recover "general restructuring expenses" or expenses related to "USC bill-restructuring efforts." Approved recovery of of \$342,333 via the RVC as A&G related to divestiture.	The Residual Value Credit calculation has been recast to include only allowed transaction expenses of \$342,333.  Transition costs and Standard Offer Service costs have been recast to exclude all other administrative and transaction costs.
39	Calculation of Fixed Transition Cost - FAS 109	Approves \$1,024,000 in generation-related FAS 109 regulatory asset balance as a transition cost, to be adjusted for other temporary timing differences. (See below)	The Fixed Component of the Transition Charge has been recast to include revised Regulatory Asset balance reflecting D.T.E. 99-110.

40	Calculation of Fixed Transition Cost - FAS 109 Regulatory Asset	Directs FG&E to include temporary differences for those accounts that appear on Exh. AG-2-10 at 264 in its calculation of the FAS 109 regulatory asset balance.	The Fixed Component of Transition costs have been recast to include a revised Regulatory Asset balance reflecting Department's directives on FAS 109 calculation.
42	Proposal to collect a return on Default Service deferrals through transition charge	Determines that FG&E may not include carrying costs on Default Service balances and such balances are not appropriate as part of the Transition Charge. Directs FG&E to account separately for Default Service deferral and apply interest at prime pursuant to FG&E's tariff.	The Transition costs have been recast to exclude default service deferral balances. Default Service deferral balances will be accounted for separately.
48 - 50	Seabrook Amortization Surcharge Settlement	Directs FG&E to account for the state tax savings associated with the abandonment of the Seabrook investment; FG&E must reduce unamortized Seabrook balance by \$67,000; and finds that FG&E may gross up the amortization of Seabrook Unit 1 for both state and federal taxes.	The Unamortized Seabrook balance has been reduced by \$67,000.
53	Future Reconciliation Filing Requirements	Directs FG&E to adopt Standard Schedules for Transition Charge; provide copy of Restructuring Plan; provide pre-filed Testimony; cross-references akin to Exh. DTE-18; provide testimony and supporting documentation for changes and revisions; file on December 1, with changes incorporated into rates filed in D.T.E. 01-07.	2001 Reconciliation Filing incorporates Department's requirements.

1

2 Q. Does Table MHC-1 set forth a summary of each of the Department's directives  
 3 and does it demonstrate that FG&E has complied D.T.E. 99-110?

4 A. Yes, it does. FG&E has recast the 1998, 1999, 2000 and 2001 costs for  
 5 Transition, Standard Offer Service and Default Service in conformance with the  
 6 Department's directives. These recast costs are then reconciled with the actual

1       revenues billed to customers under each of these three rate reconciliation  
2       mechanisms.

3

4 Q.     Mr. Collin, have you performed an analysis to show the impact of these changes  
5       on each of the reconciliation mechanisms?

6 A.     Yes. SCHEDULE MHC-8, SCHEDULE MHC-10 AND SCHEDULE MHC-12,  
7       show a comparison of recast costs/ revenues and the costs/revenues previously  
8       included for recovery in each of the reconciliation mechanisms. FG&E excluded  
9       the costs disallowed in D.T.E. 99-110 and provided the major variances between  
10      these recast costs and the cost that had been previously been included for  
11      recovery. These schedules also shows what changed between models due to  
12      changes in methodologies for recovering power supply costs in compliance with  
13      the Department's objective that FG&E develop and use an owned generation Lost  
14      Revenue calculation.

15

16 Q.     Has FG&E reflected these changes in its financial accounting records?

17 A.     Yes, FG&E recorded a charge of \$5.3 million in the third quarter of 2001,  
18       reflecting the impacts of D.T.E. 99-110 and other restructuring-related orders.

19

- 1 Q. Please elaborate on what is shown on SCHEDULES MHC-8, SCHEDULE MHC-
- 2 10 and SCHEDULE MHC-12.
- 3 A. Since FG&E has been significantly under-collected in each of these rate
- 4 reconciliation mechanisms, the net effect of these cost reductions and the change
- 5 in methodology for recovering power supply costs is to adjust the under-recovered
- 6 balance, or deferral balance, for each mechanism. In particular, the application of
- 7 the owned generation Lost Revenue calculation that the Department directed the
- 8 Company to perform resulted in a movement of power supply costs (net of the
- 9 Above Market Cost of Long Term Purchase Power, which continues to be
- 10 recovered in the Transition Charge) out of the Transition Charge. In the recast
- 11 reconciliation models these cost have been moved into Standard Offer and Default
- 12 Service for the period that FG&E's power supply portfolio was used to serve
- 13 Standard Offer Service and Default Service. In this way, these power supply
- 14 costs are recast and accounted for and tracked in Standard Offer Service and
- 15 Default Service as appropriate. Furthermore, any owned generation-related costs
- 16 recovered in the Standard Offer and Default Service are reduced by a like amount
- 17 in the Lost Revenue calculation to protect against double recovery. This
- 18 treatment also ensures that the level of owned generation-related cost recovered
- 19 does not exceed the generation cost of service filed in D.P.U. 84-145. There will
- 20 be a more detailed discussion of this later on in my testimony.

1

2 Q. Does the methodology change the level of purchased power costs recovered by  
3 FG&E to serve Standard Offer Service and Default Service?

4 A. No. While the methodology reallocated these purchase power costs to Standard  
5 Offer Service and Default Service from Transition Service for accounting and  
6 reconciliation purposes, the total level of purchased power supply costs recovered  
7 remains unchanged from that previously filed through the year 2000  
8 Reconciliation filing.

9

10 Q. How is the Department assured that the amount has not changed?

11 A. FG&E has provided a schedule intended to prove that the level of purchased  
12 power costs has not changed. See SCHEDULE MHC-14. The purchased-power  
13 related cost for 1998-2000 for the Transition Charge, Standard Offer Service and  
14 Default Service net to zero when the recast costs are compared to the costs  
15 previously included in the reconciliation mechanisms.

16

17 **IV. TRANSITION CHARGE**

18

19 Q. Please explain what the Transition Charge is and how the Transition Charge is  
20 calculated.

## **SCHEDULE MHC-8**

### **RECONCILIATION OF TRANSITION CHARGE COSTS AND REVENUES - ACTUAL VS. RECAST**

Fitchburg Gas and Electric Light Company  
Reconciliation of Transition Charge Costs and Revenues - Actual vs. Recast  
Annual

SCHEDULE MHC-8  
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	<u>1998-2000 Actual</u>	<u>1998-2000 Recast</u>	<u>1998-2000 Variance</u>
<b>FIXED COSTS</b>			
1 Amortization of Fixed Costs	\$ 3,131,246	\$ 2,663,511	\$ (467,735)
2 Carrying Charges on Fixed Costs	\$ 3,705,803	\$ 2,689,374	\$ (1,016,429)
3 FAS 109 Adjustment	\$ (959,704)	\$ 959,704	
4 Residual Value Credit	\$ (673,504)	\$ (176,218)	\$ 497,286
<b>5 Total Fixed Costs</b>	<b>\$ 5,203,841</b>	<b>\$ 5,176,667</b>	<b>\$ (27,174)</b> Disallowed per DTE 99-110 and change in unrecaptured generation and regulatory assets per DTE directives
<b>VARIABLE COSTS</b>			
6 Retained Entitlement Obligation	\$ 8,105,166	\$ 8,105,166	\$ -
7 Long Term Purchased Power Contract Costs	\$ 29,526,953	\$ 29,621,181	\$ 94,228 Limeave Transmission moved from SOS (1998-99)
8 Cost Transfer to SOS and DS	\$ (9,809,511)	\$ (12,350,370)	\$ (2,540,859) Change to Lost Revenue Methodology per DTE 99-110
9 Above Market Payments to Power Suppliers	\$ 19,717,442	\$ 17,270,811	\$ (2,446,631)
10 Transaction Costs and Administrative Expenses	\$ 1,562,786	\$ -	\$ (1,562,786) Disallowed per DTE 99-110
11 Decommissioning	\$ 55,180	\$ 85,262	\$ 30,082 Moved from Standard Offer Service
12 Transmission wheeling support charges	\$ 281,070	\$ 281,070	\$ (1) Change to Lost Revenue Methodology per DTE 99-110
13 Joint Owned Generation Unit Fuel and O&M	\$ 1,130,070	\$ -	\$ (1,130,070) Moved to Default Service
14 Short Term Purchases	\$ 153,800	\$ 0	\$ (153,800) Moved to Default Service
15 NEP PTF Credit	\$ (1,241,473)	\$ (1,241,473)	\$ 0
16 Sales for Resale	\$ (6,287,543)	\$ -	\$ 6,287,543 Moved to Default Service
17 Fuel Charge Credit(98-99)/Millstone 3 Settlement(2000)	\$ (70,468)	\$ (464,366)	\$ (393,898) Offset by Beg of Year Balance less Default Service Balance
<b>18 Total Variable Costs</b>	<b>\$ 23,405,832</b>	<b>\$ 24,036,470</b>	<b>\$ 630,639</b>
<b>19 Total Costs</b>	<b>\$ 28,609,673</b>	<b>\$ 29,213,137</b>	<b>\$ 603,465</b>
<b>REVENUES</b>			
<b>21 Total Transition Charge Revenues</b>	<b>\$ 21,980,669</b>	<b>\$ 21,980,669</b>	<b>\$ -</b>
<b>22 (Over)/Under Recovery</b>	<b>\$ 6,629,004</b>	<b>\$ 7,232,469</b>	<b>\$ 603,465</b>
<b>CUMULATIVE (OVER)UNDER RECOVERY</b>			
23 (Over)Under Recovery - Beg Of Year			\$ 527,030 Includes Fuel Charge Credit Balance of \$393,901 and
24 (Over)Under Recovery - End of Year			Default Service Balance of \$8,513 and \$124,616. \$0 transfers in Recast.
25 Average Interest Rate			
<b>26 Computed Interest</b>	<b>\$ 566,393</b>	<b>\$ 921,148</b>	<b>\$ 354,755</b>
<b>27 Cumulative (Over)/Under Ending Balance with Interest</b>	<b>\$ 6,934,627</b>	<b>\$ 8,153,617</b>	<b>\$ 1,218,990</b>

(1) Year 1999 beginning balance reflects Default Service year end balance of \$85,13 and 2000 reflects balance of \$124,616 added to Transition Charge.

Fitchburg Gas and Electric Light Company  
 Reconciliation of Transition Charge Costs and Revenues - Actual vs. Recast  
 Annual

SCHEDULE MHC-8  
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	1998 Actual	1998 ReCast	1998 Variance	Notes:
<b>FIXED COSTS</b>				
1 Amortization of Fixed Costs	\$ 825,000	\$ 666,979	\$ (158,021)	
2 Carrying Charges on Fixed Costs	\$ 1,272,000	\$ 882,882	\$ (389,318)	
3 FAS 105 Adjustment	\$ -	\$ -	\$ -	
4 Residual Value Credit	\$ -	\$ -	\$ -	
<b>5 Total Fixed Costs</b>	<b>\$ 2,097,000</b>	<b>\$ 1,549,661</b>	<b>\$ (547,339)</b>	Disallowance per DTE 98-110 and change in unrecovered generation and regulatory assets per DTE directives
<b>VARIABLE COSTS</b>				
6 Retained Entitlement Obligation	\$ -	\$ -	\$ -	
7 Long Term Purchased Power Contract Costs	\$ 12,927,127	\$ 12,998,085	\$ 70,958 Lineweave Transmission moved from SOS (1998-99)	
8 Cost Transfer to SOS and DS	\$ (6,980,253)	\$ (5,231,894)	\$ 1,748,389 Change to Lost Revenue Methodology per DTE 99-10	
9 Above Market Payments to Power Suppliers	\$ 5,946,844	\$ 7,766,191	\$ 1,819,347	
10 Transaction Costs and Administrative Expenses	\$ 316,261	\$ -	\$ (316,261) Disallowance per DTE 98-110	
11 Decommissioning	\$ 186,349	\$ 25,159	\$ 25,159 Moved from Standard Offer Service	
12 Transmission wheeling support charges	\$ -	\$ 186,350	\$ 1	
13 Joint Owned Generation Unit Fuel and O&M	\$ -	\$ -	\$ -	
14 Short Term Purchases	\$ -	\$ -	\$ -	
15 NEP PTF Credit	\$ -	\$ (472,973)	\$ (472,973) Timing difference only (see 1999)	
16 Sales for Resale	\$ -	\$ -	\$ -	
17 Fuel Charge Credit(98-99)/Milestone 3 Settlement(2000)	\$ (234,806)	\$ -	\$ 234,806 To Fuel Charge Credit per DTE 98-13D	
<b>18 Total Variable Costs</b>	<b>\$ 6,214,648</b>	<b>\$ 7,504,726</b>	<b>\$ 1,290,078</b>	
<b>19 Total Costs</b>	<b>\$ 8,311,648</b>	<b>\$ 9,054,387</b>	<b>\$ 742,739</b>	
<b>REVENUES</b>				
21 Total Transition Charge Revenues	\$ 8,784,995	\$ 8,784,995	\$ -	
22 (Over)/Under Recovery	\$ (473,347)	\$ 269,392	\$ 742,739	
<b>CUMULATIVE (OVER)/UNDER RECOVERY</b>				
23 (Over)/Under Recovery - Beg. Of Year	\$ (393,901)	\$ -	\$ 393,901 To Fuel Charge Credit per DTE 98-13D	
24 (Over)/Under Recovery - End of Year	\$ (879,357)	\$ 288,876	\$ 1,168,233	
25 Average Interest Rate	8.50%	12.45%		
26 Computed Interest	\$ (17,362)	\$ 22,819	\$ 40,181	
<b>27 Cumulative (Over)/Under Ending Balance with Interest</b>	<b>\$ (884,610)</b>	<b>\$ 292,212</b>	<b>\$ 1,176,321</b>	

(1) Year 1999 beginning balance reflects Default Service year end balance of \$8513 and 2000 reflects balance of \$124,616 added to Transition Charge.

Fitchburg Gas and Electric Light Company  
Reconciliation of Transition Charge Costs and Revenues - Actual vs. Recast  
Annual

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	<u>1999 Actual</u>	<u>1999 ReCast</u>	<u>1999 Variance</u>	<u>Notes:</u>
<b>FIXED COSTS</b>				
1 Amortization of Fixed Costs	\$ 1,151,000	\$ 998,266	\$ (152,734)	
2 Carrying Charges on Fixed Costs	\$ 1,377,548	\$ 960,959	\$ (416,589)	
3 FAS 109 Adjustment	\$ (628,000)	\$ -	\$ 628,000	
4 Residual Value Credit	\$ (145,000)	\$ -	\$ 145,000	
<b>5 Total Fixed Costs</b>	<b>\$ 1,755,548</b>	<b>\$ 1,959,225</b>	<b>\$ 203,677</b>	<b>Disallowed per DTE 99-110 and change in unrecovered generation and regulatory assets per DTE directives</b>
<b>VARIABLE COSTS</b>				
<b>6 Retained Entitlement Obligation</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
7 Long Term Purchased Power Contract Costs	\$ 14,931,812	\$ 14,955,082	\$ 23,270	Lineweave Transmission moved from SOS (1998-99)
8 Cost Transfer to SOS and DS	\$ (2,739,356)	\$ (6,432,186)	\$ (3,692,830)	Change to Lost Revenue Methodology per DTE 99-110
9 Above Market Payments to Power Suppliers	\$ 12,192,456	\$ 8,522,896	\$ (3,669,560)	
10 Transaction Costs and Administrative Expenses	\$ 636,695	\$ -	\$ (636,695)	Disallowed per DTE 99-110
11 Decommissioning	\$ 24,850	\$ 29,773	\$ 4,923	Moved from Standard Offer Service
12 Transmission wheeling support charges	\$ 112,102	\$ 112,100	\$ (2)	
13 Joint Owned Generation Unit Fuel and O&M	\$ 1,062,528	\$ -	\$ (1,062,528)	Change to Lost Revenue Methodology per DTE 99-110
14 Short Term Purchases	\$ 144,680	\$ -	\$ (144,680)	Moved to Default Service
15 NEP PTF Credit	\$ (880,558)	\$ (407,584)	\$ 472,974	Timing difference only (see 1998)
16 Sales for Resale	\$ (5,335,951)	\$ -	\$ 5,335,951	Moved to Default Service
17 Fuel Charge Credit(98-99)/Milestone 3 Settlement(2000)	\$ 628,704	\$ -	\$ (628,704)	To Fuel Charge Credit per DTE 98-13D
<b>18 Total Variable Costs</b>	<b>\$ 8,585,506</b>	<b>\$ 8,257,185</b>	<b>\$ (328,321)</b>	
<b>19 Total Costs</b>	<b>\$ 10,341,054</b>	<b>\$ 10,216,410</b>	<b>\$ (124,644)</b>	
<b>REVENUES</b>				
<b>21 Total Transition Charge Revenues</b>	<b>\$ 7,227,293</b>	<b>\$ 7,227,293</b>	<b>\$ -</b>	
<b>22 (Over)/Under Recovery</b>	<b>\$ 3,113,761</b>	<b>\$ 2,989,117</b>	<b>\$ (124,644)</b>	
<b>CUMULATIVE (OVER)/UNDER RECOVERY</b>				
23 (Over)/Under Recovery - Beg. Of Year	<b>\$ (876,096)</b>	<b>\$ (1)</b>	<b>\$ 292,212</b>	<b>\$ 1,168,308</b>
24 (Over)/Under Recovery - End of Year	<b>\$ 2,258,240</b>	<b>\$ 3,441,791</b>	<b>\$ 1,183,551</b>	
25 Average Interest Rate	<b>12.45%</b>	<b>12.45%</b>		
26 Computed Interest	<b>\$ 38,997</b>	<b>\$ 192,310</b>	<b>\$ 153,313</b>	
<b>27 Cumulative (Over)/Under Ending Balance with Interest</b>	<b>\$ 2,276,662</b>	<b>\$ 3,473,639</b>	<b>\$ 1,196,976</b>	

(1) Year 1999 beginning balance reflects Default Service year end balance of \$8513 and 2000 reflects balance of \$124,616 added to Transition Charge.

Fitchburg Gas and Electric Light Company  
 Reconciliation of Transition Charge Costs and Revenues - Actual vs. Recast  
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	2000 Actual	2000 ReCast	2000 Variance	Notes:
<b>FIXED COSTS</b>				
1 Amortization of Fixed Costs	\$ 1,155,246	\$ 998,266	\$ (156,980)	
2 Carrying Charges on Fixed Costs	\$ 1,056,255	\$ 845,733	\$ (210,522)	
3 FAS 109 Adjustment	\$ (331,704)	\$ 331,704	\$	
4 Residual Value Credit	\$ (528,504)	\$ (176,218)	\$ 352,286	
5 Total Fixed Costs	<u>\$ 1,351,293</u>	<u>\$ 1,687,781</u>	<u>\$ 316,488</u>	Disallowance per DTE 99-110 and change in unrecovered generation and regulatory assets per DTE directives
<b>VARIABLE COSTS</b>				
6 Retained Entitlement Obligation	\$ 8,105,166	\$ 8,105,166	\$	
7 Long Term Purchased Power Contract Costs	\$ 1,668,014	\$ 1,668,014	\$ (0)	
8 Cost Transfer to SOS and DS	\$ (89,872)	\$ (686,290)	\$ (596,418)	Change to Lost Revenue Methodology per DTE 99-110
9 Above Market Payments to Power Suppliers	\$ 1,578,142	\$ 981,724	\$ (596,418)	
10 Transaction Costs and Administrative Expenses	\$ 609,830	\$ 30,330	\$ (609,330)	Disallowance per DTE 99-110
11 Decommissioning	\$ 30,330	\$ 30,330	\$	
12 Transmission Wholeselling support charges	\$ (17,381)	\$ (17,381)	\$	
13 Joint Owned Generation Unit Fuel and O&M	\$ 67,542	\$ -	\$ (67,542)	Change to Lost Revenue Methodology per DTE 99-110
14 Short Term Purchases	\$ 8,920	\$ -	\$ (8,920)	Moved to Default Service
15 NEP PTF Credit	\$ (360,915)	\$ (360,915)	\$	
16 Sales for Resale	\$ (951,592)	\$ -	\$ 951,592	Moved to Default Service
17 Fuel Charge Credit(98-99)/Millstone 3 Settlement(2000)	\$ (484,366)	\$ (464,366)	\$	
18 Total Variable Costs	<u>\$ 8,605,678</u>	<u>\$ 8,274,559</u>	<u>\$ (331,118)</u>	
19 Total Costs	\$ 9,956,971	\$ 9,942,340	\$ (14,630)	
<b>REVENUES</b>				
21 Total Transition Charge Revenues	\$ 5,968,381	\$ 5,968,381	\$ -	
22 (Over)/Under Recovery	\$ 3,988,590	\$ 3,973,959	\$ (14,630)	
<b>CUMULATIVE (OVER)/UNDER RECOVERY</b>				
23 (Over)/Under Recovery - Beg. Of Year	\$ 2,401,280 (1)	\$ 3,473,659	\$ 1,072,359	
24 (Over)/Under Recovery - End of Year	\$ 6,478,706	\$ 8,070,326	\$ 1,591,621	
25 Average Interest Rate	12.45%	12.45%	12.45%	
26 Computed Interest	\$ 544,758	\$ 706,019	\$ 161,261	
27 Cumulative (Over)/Under Ending Balance with Interest	<u>\$ 6,934,627</u>	<u>\$ 8,153,617</u>	<u>\$ 1,218,990</u>	

(1) Year 1999 beginning balance reflects Default Service year end balance of \$8513 and 2000 reflects balance of \$124,616 added to Transition Charge.

## **SCHEDULE MHC-10**

### **RECONCILIATION OF STANDARD OFFER SERVICE COSTS AND REVENUES - ACTUAL VS. RECAST**

Fitchburg Gas and Electric Light Company  
 Reconciliation of Standard Offer Service Costs and Revenues - Actual vs. Recast  
 Annual Summary

SCHEDULE MHC-10  
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	1998-2000 Actual	1998-2000 Recast	1998-2000 Variance	Notes:
<b>COSTS</b>				
1 Cost of Long Term Purchased Power - Credit to Transition Charge	\$ 8,559,435	\$ 5,989,740	\$ (2,569,695) Change to Lost Revenue Methodology per DTE 99-110	
2 Cost of Generation Unit Purchases - Credit to SOS and DS	\$ (1,571,943)	\$ 3,758,967	\$ 3,758,967 Change to Lost Revenue Methodology per DTE 99-110	
3 Costs Allocated to Default Service	\$ (1,649,020)	\$ 0	\$ (77,077) Correction to Market Proxy Rate in January and February of 1999.	
4 Cost of Constellation Power Contract	\$ 30,238,318	\$ 30,238,318	\$ 0	
5 Short-Term Purchases and NEPEX	\$ 6,527,653	\$ 6,531,632	\$ 3,979 Moved from Transition Charge	
6 SOS Transmission (Inweave Transmission)	\$ 94,230	\$ -	\$ (94,230) Moved to Transition Charge and timing difference (1998-99)	
7 SOS Transmission (REMVEC)	\$ 667	\$ -	\$ (667) Removed all but \$667 in 1999, not applicable. Corrected in recast.	
8 Decommissioning	\$ 30,082	\$ -	\$ (30,082) Moved to Transition Charge	
9 Joint Owned Generation Unit Fuel and O&M	\$ 3,729,547	\$ -	\$ (3,729,547) Change to Lost Revenue Methodology per DTE 99-110	
10 #7 Turbine Fuel and O&M	\$ 188,397	\$ -	\$ (188,397) Change to Lost Revenue Methodology per DTE 99-110	
11 Power Portfolio and Contract Management	\$ 466,144	\$ -	\$ (466,144) Disallowed per DTE 99-110	
12 Restructuring Administration Cost Amortization	\$ 1,636,048	\$ -	\$ (1,636,048) Disallowed per DTE 99-110	
13 LERS/Logica Load Reporting	\$ 189,352	\$ -	\$ (189,352) Disallowed per DTE 99-110	
14 Logica System Amortization	\$ 436,083	\$ -	\$ (436,083) Disallowed per DTE 99-110	
15 Sales for Resale	\$ (395,090)	\$ (395,090)	\$ 0	
16 Total Costs	\$ 50,128,923	\$ 44,474,547	\$ (5,654,376)	
<b>REVENUES</b>				
17 Total Revenues	\$ 42,187,925	\$ 42,187,925	\$ 0	
18 (Over)/Under Recovery	\$ 7,940,998	\$ 2,286,622	\$ (5,654,376)	
<b>CUMULATIVE (OVER)/UNDER RECOVERY</b>				
19 (Over)/Under Recovery - Beg. of Year	\$ 1,409,486	\$ 470,939	\$ (938,547) Recalculated with Recast costs	
20 (Over)/Under Recovery - End of Year	\$ 9,350,482	\$ 2,757,561	\$ (6,592,921)	
21 Average Interest Rate				
22 Computed Interest				
23 Ending Balance with Interest				

Fitchburg Gas and Electric Light Company  
 Reconciliation of Standard Offer Service Costs and Revenues - Actual vs. Recast  
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SCHEDULE MHC-10  
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	1998 Actual	1998 Recast	1998 Variance	Notes:
<b>COSTS</b>				
1 Cost of Long Term Purchased Power - Credit to Transition Charge	\$ 6,980,284	\$ 5,231,894	\$ (1,748,390) Change to Lost Revenue Methodology per DTE 99-110	
2 Cost of Generation Unit Purchases - Credit to SOS and DS	\$ -	\$ 2,830,573	\$ 2,830,573 Change to Lost Revenue Methodology per DTE 99-110	
3 Costs Allocated to Default Service	\$ (1,109,713)	\$ (1,109,713)	\$ (0)	
4 Cost of Constellation Power Contract	\$ -	\$ -	\$ (70,958) Moved to Transition Charge and timing difference (1998-99)	
5 Short-Term Purchases and NEPFX	\$ 5,407,213	\$ 5,407,213	\$ (0)	
6 SOS Transmission (Lineweave Transmission)	\$ 70,958	\$ -	\$ (15,853) Removed in 1999, not applicable.	
7 SOS Transmission (RE/MVEC)	\$ 15,853	\$ -	\$ (25,159) Moved to Transition Charge	
8 Decommissioning	\$ 25,159	\$ -	\$ (3,108,748) Change to Lost Revenue Methodology per DTE 99-110	
9 Joint Owned Generation Unit Fuel and O&M	\$ 3,108,748	\$ -	\$ (183,794) Change to Lost Revenue Methodology per DTE 99-110	
10 #7 Turbine Fuel and O&M	\$ 183,794	\$ -	\$ (245,776) Disallowed per DTE 99-110	
11 Power Portfolio and Contract Management	\$ 245,776	\$ -	\$ (225,331) Disallowed per DTE 99-110	
12 Restructuring Administration Cost Amortization	\$ 225,331	\$ -	\$ (55,620) Disallowed per DTE 99-110	
13 LERS/Logica Load Reporting	\$ 55,620	\$ -	\$ (78,545) Disallowed per DTE 99-110	
14 Logica System Amortization	\$ 78,545	\$ -	\$ (345,828) \$ 0	
15 Sales for Resale	\$ (345,828)	\$ (345,828)	\$ (2,927,601)	
16 Total Costs	\$ 14,941,739	\$ 12,014,138	\$ (2,927,601)	
<b>REVENUES</b>				
17 Total Revenues	\$ 10,081,693	\$ 10,081,693	\$ -	
18 (Over)/Under Recovery	\$ 4,860,046	\$ 1,932,445	\$ (2,927,601)	
<b>CUMULATIVE (OVER)UNDER RECOVERY</b>				
19 (Over)/Under Recovery - Beg. of Year	\$ -	\$ -	\$ -	
20 (Over)/Under Recovery - End of Year	\$ 4,997,970	\$ 2,019,096	\$ (2,978,874)	
21 Average Interest Rate	8.50%	8.50%		
22 Computed Interest	\$ 171,358	\$ 86,651	\$ (84,707) Recalculated with Recast costs	
23 Ending Balance with Interest	\$ 5,031,404	\$ 2,019,096	\$ (3,012,308)	

Fitchburg Gas and Electric Light Company  
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		1999 Actual	1999 Recast	1999 Variance	Notes:
<b>COSTS</b>					
1	Cost of Long Term Purchased Power - Credit to Transition Charge	\$ 1,579,151	\$ 757,846	\$ (821,305) Change to Lost Revenue Methodology per DTE 99-110	
2	Cost of Generation Unit Purchases - Credit to SOS and DS	\$ (462,230)	\$ 928,395	\$ 928,395 Change to Lost Revenue Methodology per DTE 99-110	
3	Costs Allocated to Default Service	\$ (539,307)	\$ 0	\$ (77,077) Correction to Market Proxy Rate in January and February of 1999	
4	Cost of Constellation Power Contract	\$ 13,490,645	\$ 13,490,645	\$ 3,979 Moved from Transition Charge	
5	Short-Term Purchases and NEPEX	\$ 1,120,440	\$ 1,124,419	\$ (23,273) Moved to Transition Charge and timing difference (1998-99)	
6	SOS Transmission (Inweave Transmission)	\$ 23,273	\$ -	\$ 15,186 Removed in 1999, not applicable	
7	SOS Transmission (REMVEC)	\$ (15,186)	\$ -	\$ (4,923) Moved to Transition Charge	
8	Decommissioning	\$ 4,923	\$ -	\$ (620,799) Change to Lost Revenue Methodology per DTE 99-110	
9	Joint Owned Generation Unit Fuel and O&M	\$ 620,799	\$ -	\$ (4,603) Change to Lost Revenue Methodology per DTE 99-110	
10	#7 Turbine Fuel and O&M	\$ 4,603	\$ -	\$ (136,507) Disallowed per DTE 99-110	
11	Power Portfolio and Contract Management	\$ 136,507	\$ -	\$ 443,339 Disallowed per DTE 99-110	
12	Restructuring Administration Cost Amortization	\$ 443,339	\$ -	\$ 68,806 Disallowed per DTE 99-110	
13	LERS/Logica Load Reporting	\$ 68,806	\$ -	\$ 266,909 Disallowed per DTE 99-110	
14	Logica System Amortization	\$ 266,909	\$ -	\$ (49,262) (266,909) Disallowed per DTE 99-110	
15	Sales for Resale	\$ (49,262)	\$ (49,262)	\$ (17,232,717) \$ 15,712,736 \$ (1,519,981)	
16	Total Costs	\$ 17,232,717	\$ 15,712,736	\$ (1,519,981)	
<b>REVENUES</b>					
17	Total Revenues	\$ 15,630,967	\$ 15,630,967	\$ -	
18	(Over)/Under Recovery	\$ 1,601,751	\$ 81,770	\$ (1,519,981)	
<b>CUMULATIVE OVER/UNDER RECOVERY</b>					
19	(Over)/Under Recovery - Beg. of Year	\$ 5,031,403	\$ 2,019,096	\$ (3,012,307)	
20	(Over)/Under Recovery - End of Year	\$ 7,080,713	\$ 2,260,820	\$ (4,819,893)	
21	Average Interest Rate	7.90%	7.90%		
22	Computed Interest	\$ 496,967	\$ 159,954	\$ (337,013) Recalculated with Recast costs	
23	Ending Balance with Interest	\$ 7,130,121	\$ 2,260,820	\$ (4,869,301)	

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		2000 Actual	2000 Recast	2000 Variance	Notes:
<b>COSTS</b>					
1	Cost of Long Term Purchased Power - Credit to Transition Charge	\$ -	\$ -	\$ -	
2	Cost of Generation Unit Purchases - Credit to SOS and DS	\$ 16,747,673	\$ 16,747,673	\$ 0	
3	Costs Allocated to Default Service	\$ (0)	\$ -	\$ -	
4	Cost of Constellation Power Contract	\$ -	\$ -	\$ -	
5	Short-Term Purchases and NEPEX	\$ -	\$ -	\$ -	
6	SOS Transmission (Linewave Transmission)	\$ -	\$ -	\$ -	
7	SOS Transmission (REMY/EC)	\$ -	\$ -	\$ -	
8	Decommissioning	\$ -	\$ -	\$ -	
9	Joint Owned Generation Unit Fuel and O&M	\$ -	\$ -	\$ -	
10	#7 Turbine Fuel and O&M	\$ 83,861	\$ -	\$ (83,861)	Disallowed per DTE 99-110
11	Power Portfolio and Contract Management	\$ 967,378	\$ -	\$ (967,378)	Disallowed per DTE 99-110
12	Restructuring Administration Cost Amortization	\$ 64,926	\$ -	\$ (64,926)	Disallowed per DTE 99-110
13	LERS/Logica Load Reporting	\$ 90,629	\$ -	\$ (90,629)	Disallowed per DTE 99-110
14	Logica System Amortization	\$ -	\$ -	\$ -	
15	Sales for Resale	\$ -	\$ -	\$ -	
16	Total Costs	\$ 17,954,467	\$ 16,747,673	\$ (1,206,794)	
<b>REVENUES</b>					
17	Total Revenues	\$ 16,475,265	\$ 16,475,265	\$ 0	
18	(Over)/Under Recovery	\$ 1,479,201	\$ 272,407	\$ (1,206,794)	
<b>CUMULATIVE (OVER)UNDER RECOVERY</b>					
19	(Over)/Under Recovery - Beg. of Year	\$ 7,130,119	\$ 2,260,820	\$ (4,869,300)	
20	(Over)/Under Recovery - End of Year	\$ 9,276,287	\$ 2,757,561	\$ (6,518,725)	
21	Average Interest Rate	9.06%	9.06%		
22	Computed Interest	\$741,161	\$224,334	\$ (516,827)	Recalculated with Recast costs
23	Ending Balance with Interest	\$ 9,350,482	\$ 2,757,561	\$ (6,592,920)	

**SCHEDULE MHC-12**

**RECONCILIATION OF DEFAULT SERVICE COSTS AND REVENUES  
- ACTUAL VS. RECAST**

Fitchburg Gas and Electric Light Company  
 Reconciliation of Default Service Costs and Revenues - Actual vs. Recast  
 Annual Summary

**SCHEUDULE MHC-12**  
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		<u>1998-2000 Actual</u>	<u>1998-2000 Recast</u>	<u>Variance</u>	<u>Notes:</u>
<b>COSTS</b>					
1	Calculated DS-Variable Costs (Transfer from Standard Offer)	\$2,822,019	\$ 1,649,021	\$ (1,172,998)	Change to Lost Revenue Methodology per DTE 99-110
2	Short Term Purchases and NEPEX	\$1,086,995	\$ 1,236,616	\$ 149,621	Moved from Transition Charge and Standard Offer
3	Power Portfolio and Contract Management	\$ 7,072	\$ -	\$ (7,072)	Disallowed per DTE 99-110
4	LERS/Logica Load Reporting	\$ 12,470	\$ -	\$ (12,470)	Disallowed per DTE 99-110
5	LOGICA System Amortization	\$ 42,197	\$ -	\$ (42,197)	Disallowed per DTE 99-110
6	Sales for Resale	\$ 15,847	\$ (6,271,696)	\$ (6,287,543)	Moved from Transition Charge
7	Cost of Long Term Purchased Power - Credit to Transition Charge	\$ -	\$ 6,360,630	\$ 6,360,630	Change to Lost Revenue Methodology per DTE 99-110
8	Cost of Generation Unit Purchases - Credit to Transition Charge	\$ -	\$ 1,081,583	\$ 1,081,583	Change to Lost Revenue Methodology per DTE 99-110
9	Total DS Costs	\$3,986,599	\$ 4,056,154	\$ 69,555	
<b>REVENUES</b>					
10	Total Default Service Revenues	\$4,024,672	\$ 4,024,673	\$ 0	
11	(Over)/Under Recovery	\$ (38,073)	\$ 31,481	\$ 69,555	
<b>CUMULATIVE (OVER)UNDER RECOVERY</b>					
12	(Over)/(Under Recovery - Beg. of Year				
13	(Over)/(Under Recovery - End of Year				
14	Average Interest Rate				
15	Computed Interest	\$ (280)	\$ 30,589	\$ 30,869	Recalculated with Recast costs
16	Ending Balance with Interest	\$ (171,483)	\$ 62,070	\$ 233,553	

(1) 1999 beginning balance of \$8,513 and 2000 beginning balance of \$124,616 rolled into Transition Charge in Actual column.

Fitchburg Gas and Electric Light Company  
 Reconciliation of Default Service Costs and Revenues - Actual vs. Recast  
 Annual Summary

SCHEDULE MHC-12  
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	<u>1998 Actual</u>	<u>1998 Recast</u>	<u>1998 Variance</u>	<u>Notes:</u>
<b><u>COSTS</u></b>				
1 Calculated DS-Variable Costs (Transfer from Standard Offer)	\$ 1,109,713	\$ 1,109,713	\$ 0	
2 Short Term Purchases and NEPEX	\$ -	\$ -	\$ -	
3 Power Portfolio and Contract Management	\$ -	\$ -	\$ -	
4 LERS/Logica Load Reporting	\$ -	\$ -	\$ -	
5 LOGICA System Amortization	\$ 14,098	\$ -	\$ (14,098)	Disallowed per DTE 99-110
6 Sales for Resale	\$ -	\$ -	\$ -	
7 Cost of Long Term Purchased Power - Credit to Transition Charge	\$ -	\$ -	\$ -	
8 Cost of Generation Unit Purchases - Credit to Transition Charge	\$ -	\$ -	\$ -	
9 Total DS Costs	\$ 1,123,811	\$ 1,109,713	\$ (14,098)	
<b><u>REVENUES</u></b>				
10 Total Default Service Revenues	\$ 1,115,476	\$ 1,115,476	\$ -	
11 (Over)/Under Recovery	\$ 8,335	\$ (5,762)	\$ (14,098)	
<b><u>CUMULATIVE (OVER)UNDER RECOVERY</u></b>				
12 (Over)/Under Recovery - Beg. of Year	\$ 8,475	\$ -	\$ -	
13 (Over)/Under Recovery - End of Year	\$ (6,061)	\$ -	\$ (14,536)	
14 Average Interest Rate	8.50%	8.50%		
15 Computed Interest	\$ 178	\$ (299)	\$ (477)	Recalculated with Recast costs
16 Ending Balance with Interest	\$ 8,513	\$ (6,061)	\$ (14,575)	

(1) 1999 beginning balance of \$8,513 and 2000 beginning balance of \$124,616 rolled into Transition Charge in Actual column.

Fitchburg Gas and Electric Light Company  
 Reconciliation of Default Service Costs and Revenues - Actual vs. Recast  
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	<u>1999 Actual</u>	<u>1999 Recast</u>	<u>1999 Variance</u>	<u>Notes:</u>
<b>COSTS</b>				
1 Calculated DS-Variable Costs (Transfer from Standard Offer)	\$ 1,622,434	\$ 539,307	\$ (1,083,127)	Change to Lost Revenue Methodology per DTE 99-110
2 Short Term Purchases and NEPEX	\$ -	\$ 140,701	\$ 140,701	Moved from Transition Charge and Standard Offer
3 Power Portfolio and Contract Management	\$ 5,275	\$ -	\$ (5,275)	Disallowed per DTE 99-110
4 LERS/Logica Load Reporting	\$ 6,848	\$ -	\$ (6,848)	Disallowed per DTE 99-110
5 LOGICA System Amortization	\$ 21,748	\$ -	\$ (21,748)	Disallowed per DTE 99-110
6 Sales for Resale	\$ -	\$ (5,335,951)	\$ (5,335,951)	Moved from Transition Charge
7 Cost of Long Term Purchased Power - Credit to Transition Charge	\$ -	\$ 5,674,340	\$ 5,674,340	Change to Lost Revenue Methodology per DTE 99-110
8 Cost of Generation Unit Purchases - Credit to Transition Charge	\$ -	\$ 1,000,150	\$ 1,000,150	Change to Lost Revenue Methodology per DTE 99-110
9 Total DS Costs	\$ 1,656,305	\$ 2,018,548	\$ 362,243	
<b>REVENUES</b>				
10 Total Default Service Revenues	\$ 1,538,336	\$ 1,538,336	\$ 0	
11 (Over)/Under Recovery	\$ 117,969	\$ 480,212	\$ 362,242	
<b>CUMULATIVE OVER/UNDER RECOVERY</b>				
12 (Over)/Under Recovery - Beg. of Year	\$ 0 (')	\$ (6,061)	\$ (6,061)	
13 (Over)/Under Recovery - End of Year	\$ 123,764	\$ 490,490	\$ 366,726	
14 Average Interest Rate	7.90%	7.90%		
15 Computed Interest	\$ 6,647	\$ 16,340	\$ 9,693	Recalculated with Recast costs
16 Ending Balance with Interest	\$ 124,616	\$ 490,490	\$ 365,874	

(1) 1999 beginning balance of \$8,513 and 2000 beginning balance of \$124,616 rolled into Transition Charge in Actual column.

Fitchburg Gas and Electric Light Company  
 Reconciliation of Default Service Costs and Revenues - Actual vs. Recast  
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	<u>2000 Actual</u>	<u>2000 Recast</u>	<u>2000 Variance</u>	<u>Notes:</u>
<b>COSTS</b>				
1 Calculated DS-Variable Costs (Transfer from Standard Offer)	\$ 89,872	\$ 1,095,915	\$ (89,872)	Change to Lost Revenue Methodology per DTE 99-110 Moved from Transition Charge
2 Short Term Purchases and NEPEX	\$ 1,086,995	\$ -	\$ 8,920	
3 Power Portfolio and Contract Management	\$ 1,797	\$ -	\$ (1,797)	Disallowed per DTE 99-110
4 LERS/Logica Load Reporting	\$ 5,622	\$ -	\$ (5,622)	Disallowed per DTE 99-110
5 LOGICA System Amortization	\$ 6,351	\$ -	\$ (6,351)	Disallowed per DTE 99-110
6 Sales for Resale	\$ 15,847	\$ (935,745)	\$ (951,592)	Moved from Transition Charge
7 Cost of Long Term Purchased Power - Credit to Transition Charge	\$ -	\$ 686,290	\$ 686,290	Change to Lost Revenue Methodology per DTE 99-110
8 Cost of Generation Unit Purchases - Credit to Transition Charge	\$ -	\$ 81,433	\$ 81,433	Change to Lost Revenue Methodology per DTE 99-110
9 Total DS Costs	\$ 1,206,483	\$ 927,893	\$ (278,590)	
<b>REVENUES</b>				
10 Total Default Service Revenues	\$ 1,370,861	\$ 1,370,861	\$ -	
11 (Over)/Under Recovery	\$ (164,378)	\$ (442,968)	\$ (278,590)	
<b>CUMULATIVE (OVER)UNDER RECOVERY</b>				
12 (Over)/Under Recovery - Beg. of Year	\$ 0 (1)	\$ 490,490	\$ 490,490	
13 (Over)/Under Recovery - End of Year	\$ (170,597)	\$ 62,070	\$ 232,667	
14 Average Interest Rate	9.06%	9.06%	\$ 21,653	Recalculated with Recast costs
15 Computed Interest	\$ (7,105)	\$ 14,548	\$ 233,553	
16 Ending Balance with Interest	\$ (171,483)	\$ 62,070	\$ 233,553	

(1) 1999 beginning balance of \$8,513 and 2000 beginning balance of \$124,616 rolled into Transition Charge in Actual column.

DTE 02-24/25  
 Attachment DOER-RR-1  
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